

**Amendment Number 2**  
**to**  
**Contract Number DIR-SDD-2133**  
**between**  
**State of Texas, acting by and through the Department of Information Resources**  
**and**  
**ENCRYPTICS, LLC**  
**Formerly**  
**NL SYSTEMS, LLC dba ENCRYPTICS**

This Amendment Number 2 to Contract Number DIR-SDD-2133 (“Contract”) is between the Department of Information Resources (“DIR”) and Encryptics, LLC formerly NL Systems, LLC dba Encryptics (“Vendor”). IR and Vendor agree to modify the terms and conditions of the Contract as follows:

1. DIR acknowledges the name change from NL Systems, LLC dba Encryptics to Encryptics, LLC with its principal place of business at 5566 Main Street, Suite 207, Frisco, Texas 75033-3673. Effective date of change was March 7, 2014. DIR agrees to change all contract files to the new name.

Encryptics, LLC hereby agrees to perform all duties and obligations to be performed by Vendor under Contract DIR-SDD-2133 to the same extent as if it had been an original party thereto

Encryptics, LLC also represents that it is not currently delinquent in the payment of any franchise tax owed the State of Texas and is not ineligible to receive payment under §231.006 of the Texas Family Code and acknowledges the Contract may be terminated and payment withheld if this certification is inaccurate.

Encryptics, LLC hereby represents it is authorized to do business in the State of Texas and is in good standing with the Comptroller of Public Accounts.

2. **Contract, Section 2. Term of Contract** is hereby amended as follows:

DIR and Vendor hereby agree to extend the term of the Contract for one (1) year through March 21, 2016, or until terminated pursuant to the termination clauses contained in the Contract. Prior to expiration of the term, DIR and Vendor may extend the Contract, upon mutual agreement, for up to one (1) additional one-year renewal term.

3. **Contract, Section 4. Pricing**, is hereby restated in its entirety as follows:

**4. Pricing**

Pricing to the DIR Customer shall be as set forth in Appendix A, Section 8, Pricing, Purchase Orders, Invoices and Payments, and as set forth in Appendix C, Pricing Index, and shall include the DIR Administrative Fee.

4. **Contract, Section 4. Pricing A - H** is deleted and is hereby restated in its entirety in Appendix A, Standard Terms and Conditions For Product and Related Services Contracts, Section 8. Pricing, Purchase Orders, Invoices and Payments, dated 02/04/15 as attached hereto.
  
5. **Contract, Section 7. License Agreement** is hereby amended by renumbering the section and adding **C. Conflicting or Additional Terms** in its entirety as follows:
  - A. Customers acquiring software licenses under the Contract shall hold, use and operate such software subject to compliance with the Software License Agreement set forth in Appendix D of this Contract. No changes to the Software License Agreement terms and conditions may be made unless previously agreed to between Vendor and DIR. Customers may not add, delete or alter any of the language in Appendix D. Order Fulfiller shall make the Software License Agreement terms and conditions available to all Customers at all times.
  
  - B. Compliance with the Software License Agreement is the responsibility of the Customer. DIR shall not be responsible for any Customer's compliance with the Software License Agreement. If DIR purchases software licenses for its own use under this Contract, it shall be responsible for its compliance with the Software License Agreement terms and conditions.
  
  - C. Conflicting or Additional Terms**  
In the event that conflicting or additional terms in Vendor Software License Agreements, Shrink/Click Wrap License Agreements, Service Agreements or linked or supplemental documents amend or diminish the rights of DIR Customers or the State, such conflicting or additional terms shall not take precedence over the terms of this Contract.
  
6. **Contract, Section 8. Intellectual Property Matters, A - L** is deleted and is hereby restated in its entirety in Appendix A, Standard Terms and Conditions For Product and Related Services Contracts, Section 5. Intellectual Property Matters, dated 02/04/15 as attached hereto.
  
7. **Appendix A. Standard Terms and Conditions For Product and Related Services Contracts**, is hereby restated in its entirety and replaced with the attached **Appendix A. Standard Terms and Conditions For Product and Related Services Contracts** dated 02/04/2015.

8. **Exception to Appendix A, Section 9. Contract Administration, B. Reporting and Administrative Fees, 2) Detailed Monthly Report** is hereby restated in its entirety as follows:

**2) Detailed Monthly Report**

Vendor shall electronically provide DIR with a detailed monthly report in the format required by DIR showing the dollar volume of any and all sales under the Contract for the previous month period. Reports shall be submitted to the DIR ICT Cooperative Contracts E-Mail Box at [ict.sales@dir.texas.gov](mailto:ict.sales@dir.texas.gov). Reports are due on the fifteenth (15<sup>th</sup>) calendar day after the close of the previous month period. The monthly report shall include, per transaction: the detailed sales for the period, Customer name, invoice date, invoice number, description, quantity, manufacturer's suggested retail price, unit price, extended price, Customer Purchase Order number, contact name, Customer's complete billing address, and other information as required by DIR. Each report must contain all information listed above per transaction or the report will be rejected and returned to the Vendor for correction in accordance with this section.

If Vendor submits three (3) monthly sales reports or administrative fee payments late within a 12-month period, DIR reserves the right to suspend or terminate this Contract for cause per Section 9.B.4.a. of Appendix A, Termination for Cause. If Vendor is late with its monthly sales report, Vendor will pay DIR one hundred dollars (\$100) per day ("Late Payment"), for each day the monthly report is late, up to ten (10) days per month for a maximum monthly Late Payment amount of \$1000 for late monthly sales reports. If Vendor is late with its monthly administrative fee payment, Vendor will pay DIR one hundred dollars (\$100) per day ("Late Payment"), for each day the monthly administrative fee payment is late, up to ten (10) days per month for a maximum monthly Late Payment amount of \$1000 for late monthly administrative fee payments. DIR does not waive any other contractual remedy pursuant to this Contract.

All other terms and conditions of the Contract not specifically modified herein shall remain in full force and effect. In the event of a conflict among provisions, the order of precedence shall be this Amendment Number 2, then Amendment Number 1 and then the Contract.

**(Remainder of page left blank intentionally)**

**IN WITNESS WHEREOF**, the parties hereby execute this amendment to be effective as of the date of the last signature, but in all events, no later than March 21, 2015.

**ENCRYPTICS, LLC**

**Authorized By:** Signature on File

**Name:** Mitch Scherr

**Title:** Chief Executive Officer

**Date:** 03/04/2015

**The State of Texas, acting by and through the Department of Information Resources**

**Authorized By:** Signature on File

**Name:** Dale Richardson

**Title:** Chief Operations Officer

**Date:** 03/16/2015

**Office of  
General Counsel:** DR Brown 03/13/2015